Crises Due to Fiscal Deficit

1037. DR. Y. RADHAKRISHNA MURTY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the total tax collection for the fiscal year 2000-2001 has fallen short by rupees ten thousand crores;

(b) whether it is also a fact that the fiscal deficit of 5.1 per cent of Gross Domestic Product for 2000-2001 is also under crises;

(c) if so, what are the reasons therefor; and

(d) what remedial action is being taken?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN): (a) Sir, Revenue collection from central direct and indirect taxes during the financial year 2000-2001 increased by Rs. 16750 crore as compared to the financial year 1999-2000. It was Rs. 187372 crore as against the revised estimate of Rs. 197677 crore.

(b) Fiscal deficit during 2000-2001 was 5.2 per cent of Gross Domestic Product (GDP) as compared to 5.4 per cent during 1999-2000 and 5.1 per cent as per the Revised Estimates.

(c) Inadequate fiscal adjustment has remained the most intractable problem over the past decade owing to a combination of factors which among others include interest payments which constitute over 69 per cent of the Centre's tax revenues, increase in subsidies to unaffordable levels and rising pension liability.

(d) The Budget for 2001-02 contains a number of initiatives which among others include restricting fresh recruitment to one per cent of total civilian staff strength and revision of user charges for services provided by the Government and its agencies keeping in view the increased cost of these services etc. Further, with a view to reduce interest burden, most administered interest rates were reduced by 1.5 per cent as of March 1, 2001. Besides, the Fiscal responsibility and Budget Management Bill, 2000 was introduced in Parliament in December 2000. This Bill includes provisions relating to cellings on debt, deficit and borrowing.